

WILSON COUNTY LIBRARY BOARD

**A COMPONENT UNIT OF
WILSON COUNTY, TENNESSEE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008**

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

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WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
BOARD OF DIRECTORS

Betty Stone, Board Chairman
241 West End Circle
Lebanon, Tennessee 37087

Carolyn Miller, Vice-Chairman
79 Lakeview Circle
Mt. Juliet, Tennessee 37122

Dr. Connie Wright, Treasurer
2124 N. Greenhill Road
Mt. Juliet, Tennessee 37122

Diane Weathers, Secretary
7800 Central Pike
Mt Juliet, TN 37122

William Taylor
100 South Commerce Rd.
Watertown, Tennessee 37184

Jim Mills
100 Oak Hill Circle
Lebanon, Tennessee 37087

Kevin Huddleston
224 Sycamore St
Lebanon, Tennessee 37087

George Harding
222 Bartonwood Drive
Lebanon, Tennessee 37087

Peggy Simpson
1320 S. Commerce Rd
Watertown, TN 37184

INDEPENDENT AUDITORS' REPORT

The Comptroller of the Treasury and
The Board of Directors
Wilson County Library Board
A Component Unit of Wilson County, Tennessee
Lebanon, Tennessee

We have audited the accompanying basic financial statements of the governmental activities and the major funds of the Wilson County Library Board, a component unit of Wilson County as of and for the year ended June 30, 2008 as listed in the table of contents. These financial statements are the responsibility of the management of the Wilson County Library Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major funds of the Wilson County Library Board, as of June 30, 2008 and the change in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2009 on our consideration of Wilson County Library Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 4 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The budgetary comparison information reported on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of financial statements. We did not audit the information and express no opinion on it.

Dempsey, Vantrease & Follis, PLLC

Lebanon, Tennessee
February 28, 2009

Management's Discussion and Analysis

This section of the Wilson County Library Board's (a component unit of Wilson County, Tennessee) audited financial statements presents our discussion and analysis of the Organization's financial performance during the fiscal year that ended on June 30, 2008. Please read it in conjunction with the financial statements, which follow this section.

Financial Highlights

- The Organization's net assets increased \$28,937 over the course of this year's operations. This is a 2.28% increase from net assets at June 30, 2007.
- During the year, the Organization's revenues exceeded expenses by \$28,937. In the prior year, expenses exceeded revenues by \$22,864. Increased expenses in current year were almost entirely funded by increased allocations from local governments. Therefore, the increase was due to increases in non-operating revenues, including grants, memorials and other income.
- The total cost of the Organization's activities rose 2.45% in the fiscal year ended June 30, 2008.
- Balances of cash decreased \$12,176 (7.04%) during the fiscal year ended June 30, 2008.

Overview of the Financial Statements

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Organization:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Organization's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Organization, reporting the Organization's operations in more detail than the government-wide statements.
- The governmental funds statements tell how general government services were financed in the short term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements

The government wide statements report information about the Organization as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Organization's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. The two government-wide statements report the Organization's net assets and how they have changed. Net assets – the difference between the Organization's assets and liabilities – is one way to measure the Organization's financial health, or position.

- Over time, increases or decreases in the Organization's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Organization you need to consider additional non-financial factors.

Fund Financial Statements

The fund financial statements provide more detailed information about the Organization's most significant funds – not the Organization as a whole. Funds are accounting devices that the Organization uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- Other funds are established to control and manage money for particular purposes or to show that the government is properly using taxes.

The Organization has only one kind of fund:

- Governmental funds – Most basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs.

Because this information does not encompass the additional long-term focus of the government-wide statements, a reconciliation is presented at the bottom of the government funds statements, or on the subsequent page, that explains the relationships (or differences) between them.

Financial Analysis of the Organization as a Whole

Net Assets. The Organization's net assets increased \$28,937 between fiscal years 2007 and 2008. In comparison, net assets for the fiscal year ended June 30, 2007 decreased \$22,864 from the fiscal year ended June 30, 2006.

Wilson County Library Board

Net Assets

June 30, 2008 and 2007

	2008	2007	% Change
Capital Assets	\$ 1,161,461	\$ 1,127,087	3.05%
Other Assets	160,851	173,027	-7.04%
Total Assets	<u>\$ 1,322,312</u>	<u>\$ 1,300,114</u>	1.71%
Liabilities	<u>\$ 25,109</u>	<u>\$ 31,846</u>	-21.16%
Net Assets:			
Invested in Capital Assets	1,161,461	1,127,087	3.05%
Unrestricted	135,742	141,181	-3.85%
Total Net Assets	<u>1,297,203</u>	<u>1,268,268</u>	2.28%
Total Liabilities and Net Assets	<u>\$ 1,322,312</u>	<u>\$ 1,300,114</u>	1.71%

Changes in Net Assets. The Organization's operating revenues increased \$37,310. This was due to an increase in grants, memorials and other income. The Organization's primary sources of non-operating income are local government allocations and other revenues. Local government allocations increased \$28,502. The total cost of all programs increased by \$22,877 (2.45%) due mainly to increases in salaries, benefits, books purchases, supplies, maintenance and repairs and special programs.

Wilson County Library Board

Changes in Net Assets

June 30, 2008 and 2007

	2008	2007	% Change
Operating Revenues	\$ 125,696	\$ 88,386	42.21%
Operating Expenses	956,904	934,027	2.45%
Net Income from Operations	(831,208)	(845,641)	-1.71%
Non-Operating Income	860,145	822,777	4.54%
Increase in Net Assets	\$ 28,937	\$ (22,864)	-226.56%

Capital Assets. During the current year, the Organization had the following activity in its capital assets:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	77,500	\$ -	\$ -	\$ 77,500
Other Capital Assets:				
Buildings and Improvements	1,135,536	-	-	1,135,536
Furniture and Equipment	281,734	64,200	-	345,934
Collections	1,293,647	147,995	90,568	1,351,074
Total Other Capital Assets, at Historical Cost	2,710,917	212,195	90,568	2,832,544
Less Accumulated Depreciation for:				
Buildings and Improvements	410,175	29,566	-	439,741
Furniture and Equipment	203,111	23,444	-	226,555
Collections	1,048,044	124,811	90,568	1,082,287
Total Accumulated Depreciation	1,661,330	177,820	90,568	1,748,583
Other Capital Assets, Net	1,049,587	34,375	-	1,083,961
Governmental Activities Capital Assets, Net	\$ 1,127,087	\$ 34,375	\$ -	\$ 1,161,461

Contacting the Organization's Financial Management

This financial report is designed to provide the citizens, taxpayers, and customers of Wilson County of the Organization's finances and to demonstrate the Organization's accountability for the money it receives. If you have questions about this report or need additional information, contact the Wilson County Library Board, 108 South Hatton Ave., Lebanon, Tennessee, 37087.

FINANCIAL STATEMENTS

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF NET ASSETS
JUNE 30, 2008

Assets

Cash in Banks	\$ 160,851
Capital Assets:	
Nondepreciable Assets	
Land	77,500
Depreciable Assets	
Buildings and Improvements	1,135,536
Furniture and Equipment	345,934
Collections	1,351,074
Less Accumulated Depreciation	<u>(1,748,583)</u>
Total Capital Assets	<u>1,161,461</u>
Total Assets	1,322,312

Liabilities

Accrued Vacation	25,109
Deferred Revenue	<u>0</u>
Total Liabilities	25,109

Net Assets

Invested in Capital Assets	1,161,461
Unrestricted	<u>135,742</u>
Total Net Assets	<u>\$ 1,297,203</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
Functions and Programs			
Library Operations	\$ 956,904	\$ 125,696	\$ (831,208)
General Revenues			
Interest Income			3,927
Local Government Support			829,279
Miscellaneous Public Support			<u>26,939</u>
Increase in Net Assets			28,937
Net Assets, Beginning			<u>1,268,266</u>
Net Assets, Ending			<u><u>\$ 1,297,203</u></u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>Lebanon</u>	<u>Mt Juliet</u>	<u>Watertown</u>	<u>Total Major Funds</u>
ASSETS				
Cash and Cash Equivalents	<u>\$ 78,751</u>	<u>\$ 62,838</u>	<u>\$ 19,262</u>	<u>\$ 160,851</u>
Total Assets	<u><u>\$ 78,751</u></u>	<u><u>\$ 62,838</u></u>	<u><u>\$ 19,262</u></u>	<u><u>\$ 160,851</u></u>
LIABILITIES AND FUND BALANCE				
Accrued Vacation	\$ 11,611	\$ 8,929	\$ 4,569	\$ 25,109
Deferred Revenue	-	-	-	-
Fund Balance	<u>67,140</u>	<u>53,907</u>	<u>14,695</u>	<u>135,742</u>
Total Liabilities and Fund Balance	<u><u>\$ 78,751</u></u>	<u><u>\$ 62,836</u></u>	<u><u>\$ 19,264</u></u>	<u><u>\$ 160,851</u></u>
Reconciliation to Statement of Net Assets:				
Fund Balance				\$ 135,742
Capital Assets (net) are not reported on the fund financial statements				<u>1,161,461</u>
Net Assets				<u><u>\$ 1,297,203</u></u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2008

	Lebanon	Mt Juliet	Watertown	Total Major Funds
<u>Revenues</u>				
Wilson County Appropriation	\$ 297,775	\$ 249,566	\$ 53,371	\$ 600,712
Cities' Appropriations	107,873	96,985	23,707	228,565
Proceeds-Fundraising Event	12,642	-	-	12,642
Grants	7,411	4,645	6,700	18,756
Gifts	3,988	7,300	3,010	14,298
Memorials	5,228	4,075	738	10,041
Fines and Lost Materials	26,873	28,549	3,235	58,657
Copy/Fax Machines	5,427	4,512	1,523	11,462
Interest	2,135	1,534	259	3,927
Other Income	9,444	7,391	2,616	19,451
Book Sales	2,420	4,779	130	7,329
Total Revenues	481,216	409,336	95,289	985,840
<u>Expenditures</u>				
Salaries and Labor	205,498	172,947	36,836	415,280
Fringe Benefits	97,911	78,620	16,408	192,939
Books	43,581	43,180	10,921	97,682
Audio Visuals	23,191	22,899	4,223	50,313
Periodicals	851	910	65	1,826
Capital Expenditures	27,958	22,725	13,518	64,200
Printing and Binding	452	151	-	602
Utilities	20,919	18,251	4,100	43,270
Telephone and Postage	3,134	2,685	1,044	6,864
Supplies	17,116	17,221	2,974	37,311
Maintenance and Repairs	18,399	23,472	4,037	45,908
Insurance	4,887	3,374	847	9,108
Accounting	1,170	1,170	585	2,925
Fundraising Costs	4,083	200	50	4,333
Special Programs	7,130	6,001	785	13,916
Travel	1,759	1,036	236	3,031
Donations	-	-	-	-
Miscellaneous	880	675	215	1,770
Total Expenditures	478,919	415,517	96,844	991,279
Revenues Over (Under) Expenditures	2,297	(6,181)	(1,555)	(5,439)
 Fund Balance, Beginning	 64,843	 60,088	 16,250	 141,181
 Fund Balance, Ending	 <u>\$ 67,140</u>	 <u>\$ 53,907</u>	 <u>\$ 14,695</u>	 <u>\$ 135,742</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Total Major Funds</u>
Reconciliation to Statement of Activities:	
Excess of Expenditures over Revenues	\$ (5,439)
Depreciation Expense is not recorded in the fund statements	(177,820)
Capital Expenditures are reported in the Statement of Net Assets	<u>212,196</u>
	<u>\$ 28,937</u>

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

The accounting methods and procedures adopted by the Wilson County Library Board(the Board) conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Library's general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity:

The Wilson County Library Board was established for the purpose of providing library services to residents of Wilson County.

The Board is a component unit of Wilson County, Tennessee, the primary government. Wilson County appoints the board members of the Board and must approve the Board's issuance of debt. The Board is financially dependent on the County, because a significant portion of funding is provided by County appropriations.

Government-Wide and Fund Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Board as a whole. Individual funds are not displayed in the government-wide financial statements and the Board has only governmental activities supported by grants, local government allocations, and general revenues.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Organization's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for the governmental funds.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of the Board are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Board considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred.

Fund Types and Major Funds

The Board reports the following major governmental fund:

Special Revenue Fund – The Special Revenue Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Assets and Depreciation

The Board's capital assets consist primarily of land and buildings, computers and furniture and its book collection. Capital assets with a cost of \$1,000 or more are capitalized and depreciated using the straight-line method over their estimated useful lives, ranging from 4 to 40 years. The costs of normal repairs and maintenance that do not add to the asset value or materially extend useful lives are expensed. Books are depreciated using a composite depreciation method over 5 years. Books that are discarded are charged off against the cost and accumulated depreciation using the most recent average cost.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital asset activity for the year ended June 30, 2008 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	77,500	\$ -	\$ -	\$ 77,500
Other Capital Assets:				
Buildings and Improvements	1,135,536	-	-	1,135,536
Furniture and Equipment	281,734	64,200	-	345,934
Collections	1,293,647	147,995	90,568	1,351,074
Total Other Capital Assets, at Historical Cost	2,710,917	212,195	90,568	2,832,544
Less Accumulated Depreciation for:				
Buildings and Improvements	410,175	29,566	-	439,741
Furniture and Equipment	203,111	23,444	-	226,555
Collections	1,048,044	124,811	90,568	1,082,287
Total Accumulated Depreciation	1,661,330	177,820	90,568	1,748,583
Other Capital Assets, Net	1,049,587	34,375	-	1,083,961
Governmental Activities Capital Assets, Net	\$ 1,127,087	\$ 34,375	\$ -	\$ 1,161,461

Budgets and Budgetary Accounting:

The Board is not required to legally adopt a budget, however, the Board follows these procedures in establishing the budgetary data reflected in the supplementary information:

- a. Formal budgetary integration is employed as a management control device during the year for the Special Revenue Funds. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b. The Board of Directors approves a detailed annual budget. Any revisions made during the year must be approved by the Board of Directors. The Board is required to maintain a balanced budget and not allow expenditures to exceed appropriations.
- c. The budget amounts shown in the supplementary schedules are the final authorized amounts as revised during the year.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Annual Leave and Sick Leave:

The Organization's policy for accumulating annual (vacation) and sick leave is as follows:

Annual Leave

An eligible employee earns and accumulates annual leave for each month of service or major fraction thereof. The rates of accumulation and maximum accumulation vary according to employee length of service.

<u>Years of Service</u>	<u>Rate of Accumulation</u>	<u>Maximum Accumulation</u>
Less than 5	1 day (7.0 hrs)/month	30 days (210 hours)
5 to 10	1.5 days (10.5 hrs)/month	36 days (252 hours)
10 to 15	1.75 days (12.25 hrs)/month	39 days (273 hours)
15 or more	2 days (14.0 hrs)/month	42 days (294 hours)

Upon final separation, the employee is paid for any unused annual leave accumulation unless terminated for gross misconduct or similar offense.

Sick Leave

Sick leave is accrued per employee at the rate of one day (7.0 hours) for each month or major fraction thereof. A full time employee, who has accumulated the maximum number of allowable annual leave days, has any additional annual leave days accrued transferred to his sick leave account. There is no ceiling on accumulation of sick leave. Unused sick leave can be transferred towards creditable service upon retirement.

Upon re-employment in regular status, the sick leave account of a former County employee shall be credited with the sick leave accumulation at the time of termination provided it can be verified from official records. The employees of the Wilson County Library Board have accumulated 5,351.50 hours of sick leave.

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 2 - DEPOSITS

State statutes authorize the Board to invest in obligations of the United States Government and its agencies; the Local Government Investment Pool of the State of Tennessee and certificates of deposit at federal or state chartered banks and savings and loan associations. Funds deposited with financial institutions are required to be secured by the state bank collateral pool or by collateral pledged by the institution whose market value is equal to 105% of the value of the deposit in excess of FDIC insurance.

The Board's policy is to deposit all funds into cash accounts at FDIC insured banks that are members of the State of Tennessee's bank collateral pool. These accounts are designated as governmental funds by the bank.

At June 30, 2008, the bank balance of the demand deposits are \$201,338. The deposits are entirely insured through FDIC insurance and the state bank collateral pool.

NOTE 3 - OWNERSHIP OF PLANT ASSETS

The Board has a life interest in the land, building, and improvements at its Mt. Juliet, Tennessee and Watertown, Tennessee locations. If, at any time the Wilson County Library Board ceases to utilize these facilities as libraries, title to said facilities reverts back to their previous owners.

NOTE 4 - RETIREMENT

The Board employees participate in the Tennessee Consolidated Retirement System under the Wilson County membership. All information relating to the plan is reported in the general fund of the County. The County has been funding all employee contributions prior to the fiscal year ended June 30, 1993. For the year ended June 30, 2008, the Library funded \$47,208.58 on behalf of the employees eligible to participate in the County plan.

NOTE 5 - SELF-INSURANCE-UNEMPLOYMENT COVERAGE

The Board has elected to be a reimbursing employer for unemployment insurance purposes. Reimbursing employers are essentially self-insured. They are required to reimburse to the State Department of Employment Security dollar for dollar for their proportionate share of benefits paid to a former employee. A significant turnover in employees could result in a liability being incurred, however the effect on the financial position or results of operations cannot be determined.

WILSON COUNTY LIBRARY BOARD

A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2008

NOTE 6 - RISK FINANCING

It is the policy of the Board to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability and property and casualty. The Board employees are covered for group health and life under the commercial insurance policy purchased by Wilson County. The Board reimburses the County for its portion of those premiums. The Board employees are covered for workers compensation under the commercial insurance policy purchased by Wilson County.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 - CONCENTRATION OF CREDIT RISK

The Board receives a substantial amount of its support from state and local governments. A significant reduction in the level of this support, if this were to occur, may have an adverse effect on the Board's activities.

SUPPLEMENTARY INFORMATION

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - LEBANON LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Wilson County Appropriation	\$ 297,775	\$ 297,775	\$ 297,775	\$ -
Cities' Appropriations	107,873	107,873	107,873	-
Proceeds-Fundraising Event	-	-	12,642	12,642
Grants	-	-	7,411	7,411
Gifts	-	-	3,988	3,988
Memorials	-	-	5,228	5,228
Fines and Lost Materials	26,000	26,000	26,873	873
Copy/Fax Machines	5,000	5,000	5,427	427
Interest	-	-	2,135	2,135
Other Income	25,263	25,263	9,444	(15,819)
Book Sales	-	-	2,420	2,420
Total Revenues	461,911	461,911	481,216	19,305
Expenditures				
Salaries and Labor	211,322	205,822	205,498	324
Fringe Benefits	105,408	98,908	97,911	997
Books	38,965	42,965	43,581	(616)
Audio Visuals	20,500	23,500	23,191	309
Periodicals	1,000	1,000	851	149
Capital Expenditures	34,421	38,421	27,958	10,463
Printing and Binding	600	600	452	148
Utilities	21,300	21,300	20,919	381
Telephone and Postage	4,086	3,086	3,134	(48)
Supplies	15,234	16,734	17,116	(382)
Maintenance and Repairs	18,400	16,400	18,399	(1,999)
Insurance	5,100	5,100	4,887	213
Accounting	1,441	1,441	1,170	271
Fundraising Costs	-	-	4,083	(4,083)
Special Programs	5,200	7,200	7,130	70
Travel	1,434	1,934	1,759	175
Donations	-	-	-	-
Miscellaneous	1,150	1,150	880	270
Total Expenditures	485,561	485,561	478,919	6,642
Revenues Over (Under)				
Expenditures	\$ (23,650)	\$ (23,650)	2,297	\$ 25,947
Fund Balance, Beginning			64,843	
Fund Balance, Ending			<u>\$ 67,140</u>	

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - MT JULIET LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Wilson County Appropriation	\$ 249,566	\$ 249,566	\$ 249,566	\$ -
Cities' Appropriations	96,985	96,985	96,985	-
Grants	-	-	4,645	4,645
Gifts	-	-	7,300	7,300
Memorials	-	-	4,075	4,075
Fines and Lost Materials	28,000	28,000	28,549	549
Copy/Fax Machines	3,000	3,000	4,512	1,512
Interest	-	-	1,534	1,534
Other Income	32,145	32,145	7,391	(24,755)
Book Sales	-	-	4,779	4,779
	<u>409,696</u>	<u>409,696</u>	<u>409,336</u>	<u>(360)</u>
<u>Expenditures</u>				
Salaries and Labor	180,185	176,885	172,947	3,938
Fringe Benefits	81,437	81,437	78,620	2,817
Books	41,183	43,783	43,180	603
Audio Visuals	20,500	23,200	22,899	301
Periodicals	1,000	1,000	910	90
Capital Expenditures	23,011	23,011	22,725	286
Printing and Binding	500	500	151	349
Utilities	17,000	17,500	18,251	(751)
Telephone and Postage	6,130	3,030	2,685	345
Supplies	15,500	17,500	17,221	279
Maintenance and Repairs	25,300	25,300	23,472	1,828
Insurance	5,200	3,800	3,374	426
Accounting	1,150	1,150	1,170	(20)
Fundraising Costs	-	-	200	(200)
Special Programs	5,800	5,800	6,001	(201)
Travel	1,100	1,100	1,036	64
Miscellaneous	1,100	1,100	675	425
Total Expenditures	<u>426,096</u>	<u>426,096</u>	<u>415,517</u>	<u>10,579</u>
Revenues Over (Under) Expenditures	<u>\$ (16,400)</u>	<u>\$ (16,400)</u>	<u>(6,181)</u>	<u>\$ 10,219</u>
Fund Balance, Beginning			<u>60,088</u>	
Fund Balance, Ending			<u>\$ 53,907</u>	

See notes to financial statements

WILSON COUNTY LIBRARY BOARD
A COMPONENT UNIT OF WILSON COUNTY, TENNESSEE
SPECIAL REVENUE FUND - WATERTOWN LIBRARY
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Wilson County Appropriation	\$ 53,371	\$ 53,371	\$ 53,371	\$ -
Cities' Appropriations	23,707	23,707	23,707	-
Grants	-	-	6,700	6,700
Gifts	-	-	3,010	3,010
Memorials	-	-	738	738
Fines and Lost Materials	2,000	2,000	3,235	1,235
Copy/Fax Machines	1,000	1,000	1,523	523
Interest	-	-	259	259
Other Income	16,278	16,278	2,616	(13,662)
Book Sales	-	-	130	130
	<u>96,356</u>	<u>96,356</u>	<u>95,289</u>	<u>(1,067)</u>
<u>Expenditures</u>				
Salaries and Labor	36,724	37,224	36,836	388
Fringe Benefits	16,391	16,491	16,408	83
Books	11,550	11,550	10,921	629
Audio Visuals	4,500	4,500	4,223	277
Periodicals	350	100	65	35
Capital Expenditures	14,734	14,484	13,518	966
Utilities	4,800	4,300	4,100	200
Telephone and Postage	1,700	1,200	1,044	156
Supplies	3,000	3,300	2,974	326
Maintenance and Repairs	3,128	4,128	4,037	91
Insurance	1,423	873	847	26
Accounting	500	600	585	15
Fundraising Cost	-	-	50	(50)
Special Programs	756	756	785	(29)
Travel	400	400	236	164
Miscellaneous	200	250	215	35
Total Expenditures	<u>100,156</u>	<u>100,156</u>	<u>96,844</u>	<u>3,312</u>
Revenues Over (Under) Expenditures	<u>\$ (3,800)</u>	<u>\$ (3,800)</u>	<u>(1,555)</u>	<u>\$ 2,245</u>
Fund Balance, Beginning			<u>16,250</u>	
Fund Balance, Ending			<u>\$ 14,695</u>	

See notes to financial statements

Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards

To the Comptroller of the Treasury
and the Board of Directors
Wilson County Library Board
Lebanon, Tennessee

We have audited the financial statements of the governmental activities and the major fund information of the Wilson County Library Board, (the "Board"), as of and for the year ended June 30, 2008, which collectively comprise the Wilson County Library Board's basic financial statements and have issued our report thereon dated February 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control. We consider the following deficiencies to be significant deficiencies in internal control:

INTERNAL CONTROL & COMPLIANCE

The Board has a limited number of personnel, therefore adequate segregation of duties over receipts, purchases and disbursements is not possible. It is important that the Board of Directors continue to closely monitor the expenditures and investigate any deviations from budget.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated February 28, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dempsey, Vantrease + Follis, PLLC

Lebanon, Tennessee
February 28, 2009